

IAC-D-53/9

Fifth Annual Progress Report of the Economic
Defense Intelligence Committee - 1 July 1956-
30 June 1957 (25 Oct 1957)

Army and Department of State
review(s) completed.

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IAC-D-53/9
25 October 1957

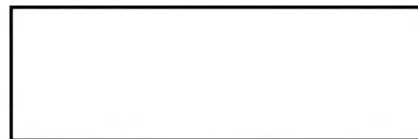
I N T E L L I G E N C E A D V I S O R Y C O M M I T T E E

Fifth Annual Progress Report of the
Economic Defense Intelligence Committee

1 July 1956 - 30 June 1957

The Fifth Annual Progress Report of the Economic Defense Intelligence Committee (EDIC), circulated herewith for noting, will be placed on the agenda of an early meeting of the IAC.

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Secretary

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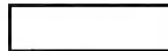
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FIFTH ANNUAL PROGRESS REPORT OF THE
ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

1 July 1956 - 30 June 1957

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EDIC/R-4
Control No. 484451

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

FIFTH ANNUAL PROGRESS REPORT

1 July 1956 - 30 June 1957

I. INTRODUCTION

The Economic Defense Intelligence Committee (EDIC) completed five years of operation on 30 June 1957. EDIC continues to be responsible under its Terms of Reference¹ for (a) developing and furnishing intelligence to the Economic Defense Advisory Committee (EDAC), and for (b) developing closer continuous relationships among the policy, operational, and intelligence-research elements engaged in the economic defense program.

II. SUMMARY OF ACTIVITIES

EDIC's formal activities during the past year were somewhat reduced as compared with earlier years, primarily because EDAC and its immediate subcommittees were occupied, on an urgent basis, with a CFEP review of U.S. policy concerning multilateral trade controls against Communist China. For reasons of operational necessity, and in accordance with primary production responsibilities for various fields of economic intelligence allocated by DCID 15/1, the responsible individual intelligence agencies have made their respective contributions directly to the EDAC community. In this manner, substantial intelligence support was given by IAC agencies represented on EDIC, even though EDIC itself undertook relatively few assignments. Additionally, the Chairman of EDIC, as the CIA representative to the EDAC Executive Committee, participated as a member of the US Team in the recent CHINCOM discussions in Paris on international trade controls against Communist China.

A number of coordinated reports were prepared by EDIC, the most important being the proceedings of the Propellants Seminar, 13-14 June 1956, and a paper, requested by EDAC, on Soviet Bloc construction and procurement of merchant and fishing vessels. Several other reports were reviewed and a number were still under preparation, or nearing completion, at the end of the fiscal year (TABS A, B, C, and D).

¹/ IAC-D-53/1, 25 July 1952, revised by IAC-D-53/3.1 of 25 February 1953.

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III. EDIC PROGRAM

A. Planning for Economic Warfare

EDIC discussed the instruction sent to all subcommittees of the IAC (IAC D-96/2) requesting that it examine its wartime mission and prepare, as appropriate, a wartime plan of operation. After considerable deliberation EDIC agreed (a) that there would be a wartime need for intelligence coordination in the field of economic warfare and (b) that certain aspects of economic warfare intelligence require advance planning and preparation. EDIC advised ODM through the ODM member of EDIC, that it would be difficult, if not impossible, for it to formulate plans without first knowing, in some detail, of the plans of the policy and planning agencies. It is now expected that such guidance will be received from ODM as the plans of the Committee on Mobilization Planning for Economic Warfare develop for a possible wartime Emergency Economic Agency. (See Part IV of this document).

B. Edited Transcript of Propellants Seminar, 13-14 June 1956

The most comprehensive report published by EDIC during the year was the Edited Transcript of the Propellants Seminar, 13-14 June 1956, which had been conducted under the auspices of the EDIC Working Group on Propellants and Fuel Additives. Partly as a result of the information developed by this seminar, the EDAC community was successful in placing boron on the international embargo list in October 1956.

C. Other Activities

Other intelligence reports disseminated included "Soviet Gold Sales, 1955", "Free World Deliveries of Ships to the Sino-Soviet Bloc in 1955 and Proposed Construction as of 1 January 1956", "Current Trends in Sino-Soviet Bloc Construction and Procurement of Merchant and Fishing Vessels", and the "Supply and Use of Ion Exchange Resin". Under arrangements previously established by EDIC, CIA continued to provide to the US enforcement program current intelligence on efforts to evade trade controls.

IV. FUTURE ACTIVITIES

During the year under review there has been an increasing tendency for the economic defense community, because of operational necessity, to deal directly with individual intelligence components. However, in the light of the current U.S. Government review of the multilateral trade control policies and programs and the anticipated negotiations in COCOM and possibly in the Consultative Group late this fall, it is anticipated that EDIC will make significant contributions to the economic defense program through participation both in arranging for intelligence research in support of this program

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and in the production of coordinated intelligence reports. In this connection EDIC also plans to continue its focus on the identification of commodities which are of increasing importance to the Bloc as a result of new scientific and technological developments.

Moreover, upon receipt of guidance from ODM, EDIC will be able to carry out the planning necessary to insure intelligence support in the field of economic warfare under wartime emergency operations.



Acting Chairman

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TAB D

Completed EDIC Cases

1 July 1956 - 30 June 1957

Designation

Title

EDIC Case 11

Soviet Bloc Sales of Gold in Free World Markets

In August 1955 MDAC requested that quarterly reports beginning with the first quarter of 1955 be issued by EDIC and that an estimate of Soviet Bloc gold exports for the years 1953 and 1954 be included with the first report. After discussion at several EDIC meetings, this case was closed 21 October 1956 with the request that any important developments be published in special reports. Reported in Tab A as EDIC/ID-25.

EDIC Case 19

Free World Deliveries of New and Used Ships to the Sino-Soviet Bloc in 1955 and Proposed Construction as of 1 January 1956

Reported in Tab A as EDIC/ID-28.

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24 October 1956

INTELLIGENCE ADVISORY COMMITTEE

Fourth Annual Progress Report of the
Economic Defense Intelligence Committee

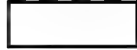
1 July 1955 - 30 June 1956

The Fourth Annual Progress Report of the Economic Defense Intelligence Committee (EDIC), circulated herewith for noting, will be placed on the agenda of an early meeting of the IAC.

William P. Bundy by *g2*
WILLIAM P. BUNDY
Secretary

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FOURTH ANNUAL PROGRESS REPORT OF THE
ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

1 July 1955 - 30 June 1956

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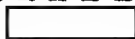
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EDIC/R-3
Control No. 2242

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

FOURTH ANNUAL PROGRESS REPORT

1 July 1955 - 30 June 1956

I. INTRODUCTION

The Economic Defense Intelligence Committee (EDIC) has continued to function effectively in accomplishing its dual purpose to (a) "develop and furnish intelligence to the Economic Defense Advisory Committee (EDAC) for policy making and operations in the economic defense field" 1/ and (b) "develop closer continuous relationships among the operational, policy-formulation, and intelligence-research elements engaged in the economic defense program." 1/

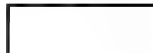
II. SUMMARY OF ACTIVITIES

During the past year, EDIC served the economic defense community by identifying important intelligence problems in this field and bringing them to the attention of appropriate EDAC agencies. To illustrate, the Committee proposed the adoption of more systematic procedures for the identification of unembargoed commodities which have become of strategic importance to the Sino-Soviet Bloc as a result of recent scientific and technological developments. In line with this activity, a study of the increased strategic significance of boron substances as a component of high energy fuels was prepared for EDAC and subsequently was brought to the attention of the NSC. A follow-up interagency study group on high energy fuels

1/ Terms of Reference, IAC-D-53/1, 25 July 1952.

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was conducted under EDIC auspices. Special attention also was given to current Bloc technological developments in the field of radio and television transmitters.

EDIC continued to serve as a mechanism for providing coordinated intelligence support to the responsible agencies on economic defense matters. For example, EDIC participated in coordinating the intelligence used by the EDAC structure for the determination in December 1955-January 1956 of the U.S. position on COCOM IL-II quotas. During the year ended 30 June 1956, studies were completed on Bloc procurement from the Free World of a number of strategic commodities such as copper, mercury, and nickel, as well as other studies on the Bloc's supply position in commodities of special economic defense interest such as diamonds. In addition, periodic reports were prepared on Bloc sales of gold in Free World countries, on Bloc orders for ships in Western yards, and on deliveries of both new and used ships to the Bloc. EDIC also provided current intelligence to action agencies on diversions of strategic materials to the Bloc.

Other significant activities of the Economic Defense Intelligence Committee included the review of pertinent reports of individual agencies, the establishment of a comprehensive pattern of requirements for both overt and covert collection of economic defense intelligence, and the review of important research and/or collection deficiencies in this field.

III. EDIC PROGRAM

A. General

During the fiscal year there was a marked increase in the number of coordinated reports and "cases" covering other activities completed by EDIC. Eight intelligence reports were issued (TAB A) and nine intelligence "cases" were completed (TAB B). On 30 June 1956 action was pending on eleven additional cases (TAB C). Intelligence documents of interest to operating departments of the economic defense community continued to be distributed by the EDIC Secretariat (TAB D).

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B. Support for Commodity Controls

As illustrated in the accompanying tabs, EDIC initiated or coordinated the production of intelligence on the supply and utilization in the Bloc of a number of commodities of economic defense interest.

C. Support for Analysis of Soviet Bloc Trade Tactics

Earlier EDIC annual reports have indicated the continuing interest which the Committee has taken in the analysis of Bloc trade tactics. This interest has been concerned largely with the offers of strategic materials by the Bloc to Western Europe. During the past year, EDIC produced a study of Bloc exports of machinery and transportation equipment and made an analysis of all Bloc exports transiting the Belgium-Netherlands-Luxembourg customs area.

D. Support for Analysis of Trade in Decontrolled Commodities and Exceptions Shipments

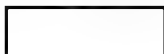
EDIC has frequently considered the effects on East-West trade of the 1954 revision of the strategic commodity lists. Accordingly, on the basis of official trade statistics and special reporting by U.S. foreign posts, State/OIR prepared a study on this subject.

A similar analytical problem was raised during 1955-56 by the rapidly increasing use of "exceptions" procedures for the shipment to Communist China of commodities under embargo to China but not to the rest of the Bloc. The practical importance of the problem was emphasized by continuing foreign pressure to reduce the differential controls against Communist China. Consequently, a proposal was forwarded to ICA/MDAC to set up an EDIC working group to make a periodic review and analysis of the trends, patterns, and strategic significance of CHINCOM "exceptions" shipments.

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E. Efforts to Improve Collection

During the year, EDIC substantially achieved its long-standing objective of establishing comprehensive U.S. Government instructions for the collection and reporting of economic defense information. For this purpose it was necessary to review all the standing collection requirements and instructions of the Government pertaining to economic relations with the Sino-Soviet Bloc and to identify important outstanding deficiencies.

The success of this effort has been reflected in the substantial improvement of COCOM statistical reporting, the exploitation of the accumulated materials produced by Allied censorship in Austria, the strengthening of CIA arrangements in the field for the collection and dissemination of economic defense information, the preparation of an Economic Defense Intelligence Reporting Guide, and the taking of various important steps to improve the reporting of economic defense information by overseas personnel of the armed forces.

During the past year, all pertinent reporting instructions issued to the U.S. Foreign Service (also applicable to other U. S. Government personnel overseas) were reviewed in EDIC, and the views of various member agencies were transmitted to the Department of State. These new instructions have been issued as a confidential supplement to the Foreign Service Manual.

IV. FUTURE ACTIVITIES

In the light of the pending U.S. Government review and the probable revision of economic defense policies and programs, it is anticipated that EDIC will continue to make a contribution to the economic defense program through participation in both the programming of intelligence research for economic defense and in the production of coordinated intelligence. In addition, EDIC currently plans to continue its focus on the identification of

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commodities which are of increasing importance to the Bloc as a result of new scientific and technological developments. To a large extent, however, the long-run future activities of this Committee will be dictated by a revised U. S. economic defense policy, and by subsequent negotiations in COCOM.



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Acting Chairman

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TAB B

Completed EDIC Cases

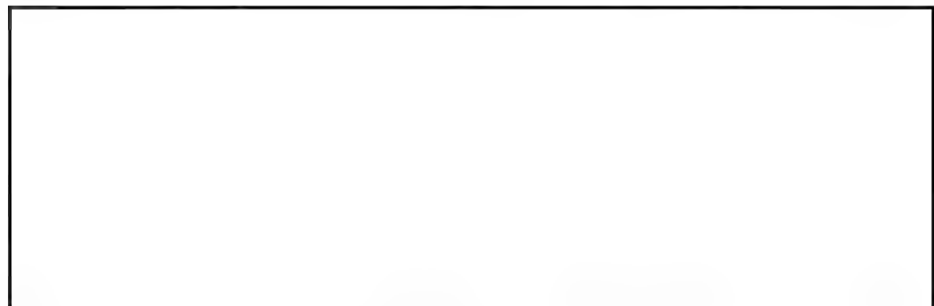
1 July 1955 - 30 June 1956

EDIC Case 3

Soviet Trade Trends and Tactics: Soviet Bloc
Exportation of Petroleum

In December 1954 EDIC was requested to provide the EDAC Executive Committee with an up-to-date version of OIR Intelligence Report No. 6714, "Soviet Bloc Trade Trends and Tactics in Petroleum" for use in COCOM. Through EDIC, member agencies provided comments to State/OIR for use in revising IR 6714. Final disposition of this paper was coordinated by the OIR and MDAC members. (See EDIC/M-10, 7 June 1955).

EDIC Case 4



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EDIC Case 5

Pending Bloc Shipbuilding Orders

(Reported in Tab A as EDIC/ID-16 (Revised)).

EDIC Case 8

Soviet Bloc Use of Borax Products (Boric Acid and
Borates - I/L 3715) for Rocket Fuel and Other Jet
Plane Application

(Reported in Tab A as EDIC/ID-15).

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TAB B (Cont'd)

EDIC Case 9 Intelligence on Trade in Decontrolled Commodities

The problem of surveillance of commodities which were decontrolled as a result of the 1954 security list review in COCOM was the subject of a number of discussions in EDIC in 1954 and 1955. In December 1955 State/OIR prepared Intelligence Report No. 7031, "Changes in Level and Composition of East-West Trade Traceable to the Relaxation in COCOM Control, August 1954", summarizing the results of their survey based on official trade statistics. This report was discussed at the EDIC meeting held on 9 February 1956.

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EDIC Case 12



EDIC Case 14 Revision of Instructions for Reporting on Economic Relations with the Sino-Soviet Bloc

(Reported in Tab A as EDIC/ID-18).

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EDIC Case 17 Proposal for Identification of New Strategic Commodities

This case outlines a proposal for identification of new strategic commodities making use of US Government scientific expertise in order to accomplish a continuing review and revision of commodity trade controls. EDIC approved this proposal and recommended that it be transmitted to the EDAC member agencies for consideration.

EDIC Case 21 Availability of Diamonds in the USSR

(Reported in Tab A as EDIC/ID-24).

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11 October 1955

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INTELLIGENCE ADVISORY COMMITTEE

Third Annual Progress Report of the
Economic Defense Intelligence Committee

1 July 1954 - 30 June 1955

The Third Annual Progress Report of the Economic Defense Intelligence Committee (EDIC), circulated herewith for noting, will be placed on the agenda of an early meeting of the IAC.

[Redacted Signature Box]

Acting Secretary

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THIRD ANNUAL PROGRESS REPORT OF THE
ECONOMIC DEFENSE INTELLIGENCE COMMITTEE
1 July 1954 - 30 June 1955

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EDIC/R-2
Control No. 2167

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

THIRD ANNUAL PROGRESS REPORT

1 July 1954 - 30 June 1955

I. INTRODUCTION

The Economic Defense Intelligence Committee (EDIC), formerly the Intelligence Working Group (IWG), completed three years of operation on 30 June 1955. The name "Intelligence Working Group" was changed to "Economic Defense Intelligence Committee" on 26 October 1954 to reflect more accurately the mission and functions of the unit. The EDIC continues to be responsible under its Terms of Reference = for arranging the mobilization of intelligence resources and data to meet the needs of the Economic Defense Advisory Committee (EDAC), for recommending measures designed to improve the collection of intelligence for economic defense purposes, and for providing a forum for production and review of intelligence to meet the requirements of the economic defense program.

II. SUMMARY OF ACTIVITIES

During the year intelligence support of EDAC operations reached a higher level of volume and quality than ever before. For the most part, however, this support was provided directly, in each case, by the agency primarily responsible for the intelligence required (as outlined in DCIE 15/1) and was not fully reflected in the activities of EDIC.

1/ The IWG was established at the request of the Director of Mutual Security and the Secretary of State, and with the approval of the Director of Central Intelligence and the Secretary of Defense. Its Terms of Reference were approved by the IAC on 25 July 1952 (IAC-D-53/1, revised by IAC-D-53/3.1 of 25 February 1953).

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The need for expeditious enforcement action on diversions of strategic goods to the Bloc led to the establishment, in January 1954 of the Diversion Control Net (DCN). As a part of this effort CIA, in accordance with EDIC recommendations, was assigned the central responsibility for direct and rapid transmission of current intelligence to the DCN. For similar reasons of urgency, "commodity" intelligence in support of the 1954 COCOM list review was furnished directly by the individual producing agencies to the Joint Operating Committee rather than through EDIC. Several other interagency arrangements were made at the initiative of the economic defense community to provide direct intelligence support by individual agencies without EDIC coordination. The most notable of these was the preparation of some 20 staff papers for the "Dodge" Council review of U.S. economic defense policy. In general, neither the action agencies nor the intelligence agencies have felt in these cases that the contribution of substantive intelligence coordination was sufficient to justify the time and effort involved.

With the full realization that economic defense requirements for intelligence reports were being met very satisfactorily through the direct contributions of individual agencies, EDIC, while producing only a relatively small number of coordinated reports, concentrated its efforts on other problems. As a consequence, the major accomplishments of EDIC centered on efforts:

- a. To review and comment on selected reports of individual agencies;
- b. to exchange information on the economic defense support activities of individual intelligence agencies;
- c. to improve the timely collection and dissemination of information;
- d. to assist in the downgrading of COCOM documents; and
- e. to program intelligence research jointly with policy and action agencies.

III. EDIC ACTIVITIES: July 1954 - June 1955

A. Reports and Reviews

1. General

During the fiscal year there was a marked decrease in the number of coordinated reports prepared by EDIC in relation to the previous period, although a number of reports were reviewed and by the end of the fiscal year a number of additional reports were nearing completion. (TABS A, B and C) Reports currently in process cover several problems of importance to the policy agencies, such as Bloc uses of boron compounds

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for rocket, missile and jet fuel, and pending Bloc shipbuilding orders with the West. In addition to this coordination and review of reports, EDIC continued to distribute and discuss selected papers prepared by individual agencies. (TAB D)

2. Support for Commodity Controls

In the spring of 1954 a comprehensive review of international security list ratings was undertaken in COCOM. EDIC facilities were not employed for the production and coordination of intelligence required for this review because of the "crash" nature of the operation; however, following the list revisions of 16 August, EDIC set out to assess the adequacy of the intelligence support which had been provided. EDIC considered also the establishment of a permanent record of the intelligence contributions made to JOC during the list review but concluded that such an interagency effort was not warranted. CIA subsequently compiled a "black book" of such "spot" commodity intelligence contributions and noted that this compilation would be available to the entire intelligence community.

3. Support for Analysis of Soviet Trade Tactics

This Committee's previous annual report indicated EDIC interest in appraising Soviet trade tactics and described the Consultative Group resolution of April 1954 to devote increased attention to this subject. At the request of FOA/MDAC, OIR/State prepared a paper on Soviet Bloc exportation of petroleum. This paper was reviewed in EDIC and CIA/ORR subsequently furnished additional data incorporating estimates of future Soviet capabilities for production and export of petroleum and petroleum products.

Another aspect of the trade tactics problem occupied EDIC attention during April and May. CIA suggested the need for examining the pattern of Soviet Bloc exports of capital equipment and industrial materials to the West. EDIC undertook to review such trade with a view to detecting possible significant changes in commodity composition, amount, or Western countries involved.

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B. Efforts to Improve Collection (TAB E)

1. General

EDIC has sought continually to improve collection of economic defense intelligence needed for purposes of commodity negotiations, trade policy determinations, and implementation of enforcement measures. It will be recalled that national policy places increased emphasis on improving the availability and utilization of current intelligence in matters relating to enforcement of free world controls. EDIC has a special mission in this field since under its Terms of Reference it is responsible for recommending to appropriate agencies collection requirements designed to fill specific gaps in available intelligence.

Central Intelligence Agency - Surveying the status of intelligence collection, EDIC agreed in April discussions that CIA collection of enforcement intelligence was of major importance in this field. With this in mind, CIA took certain important steps to strengthen field collection arrangements and collection guidance in order to improve its support to the policy and action agencies. Concurrently, an Economic Defense Intelligence Reporting Guide was prepared as a means of informing appropriate Agency officials of the nature and scope of intelligence information which is needed to support U.S. economic defense programs and policies.

Department of Defense - In April 1954 the Secretary of Defense had requested the Secretaries of the Army, Navy and Air Force (and other Defense elements) to assist OSD (International Security Affairs) "in connection with multilateral consideration of East-West trade control problems." In August 1954 he further requested an indication of the contribution which the several elements of the Department of Defense could make to the various projects in the export control program.

In response to this directive, the three military intelligence agencies prepared intelligence collection guides for their respective attaches abroad, which outlined the U. S. economic defense program pertaining to East-West trade controls and focused attention on reporting intelligence related to this program.

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2. Surveillance of Decontrolled Commodities

By July 1954 it was apparent that action agencies would need information on the movement of decontrolled items to Soviet Bloc destinations, in order to assess the effects of decontrol on the export control program. It was considered important to watch such trade to determine its nature and magnitude and the benefit derived by the Soviet Bloc economy. The significance of the problem was highlighted by the placing of large Soviet orders in Western countries for copper wire and boring machines.

In view of the evident reluctance of some COCOM members to report their exports of unlisted commodities to the Bloc, an EDIC subgroup was assigned the task of determining which decontrolled items moving in West-East trade should be kept under surveillance and of devising ways and means of obtaining information on such trade. At the request of this Subgroup, the Joint Operating Committee (JOC) prepared a list of significant items and the Department of Commerce furnished the Department of Defense with the names of foreign manufacturers of the items on the JOC list. Defense undertook to explore the possibility of obtaining information on free-world exports of listed items from any firms on the Commerce list which hold MDAP contracts, but reported that Defense personnel are placed in MDAP plants for the sole purpose of expediting production, and have a very limited capability for reporting trade information. The Department of State will consider the desirability of special reporting arrangements on selected items of particular importance.

G. Efforts to Improve Dissemination (TAB E)

1. Current Intelligence

The intelligence process involves not only collection of information but measures to insure that information once collected is made available to action and policy agencies. EDIC determined that through such mechanisms as the Diversion Control Net (DCN), enforcement intelligence is adequately collated, analyzed and transmitted from intelligence to action agencies. EDIC's problem was to determine whether dissemination of current information reports other than those required for enforcement purposes was being promptly and effectively accomplished. After a series of discussions on the subject, EDIC concluded that distribution of intelligence from CIA and State to action agencies was already being adequately handled. Moreover, it agreed that adequate

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requirements for distribution of intelligence had been submitted by the Departments of State and Commerce to the military intelligence agencies. However, the military services indicated that they had not received the requirements of FOA/MDAC. As a result of this EDIC survey these requirements were promptly transmitted.

2. Shipping Intelligence

Another EDIC problem concerned ONI reports of ship movements. Early in 1954 it was learned that owing to budget and personnel reductions the publication and dissemination of such reports by ONI had been delayed and was considerably in arrears. At the request of MDAC, EDIC reviewed the requirements of the economic defense community for shipping and cargo data (ref: IWG/AM-22 of 4 August 1954). At an EDIC-sponsored meeting of 16 August ONI agreed to make monthly reports on movements and cargoes of Soviet and non-Soviet registered merchant ships, and on arrivals of all merchant ships in Communist Chinese ports; to maintain central files of such information; and to meet, within its personnel limitations, spot requests from EDAC for special compilations and analyses of such information.

EDIC agreed that these allocations of activity were consistent with IAC directives, which assign to ONI the bulk of responsibility for this category of intelligence support. CIA's responsibility in this field, and its collaboration with ONI in the production of shipping and cargo intelligence, was acknowledged. It was noted that the availability of cargo intelligence was still not adequate. Steps have been taken in recent months to improve the exploitation of manifest information, particularly with regard to cargo moving between Western Europe and Communist China. In the meantime, ONI has resumed production and distribution of its serial reports on vessel movements.

D. Assistance in Downgrading of COCOM Documents

In November 1954 the U.S. Delegation to COCOM suggested that EDIC examine the intelligence implications of downgrading CG/COCOM/CHINCOM documents to Confidential. It was recognized in EDIC, however, that each individual agency was obliged to discharge this responsibility under its own regulations and within its own area of competence. With a view toward protecting intelligence sources and methods, CIA undertook to review the documents. The EDIC Secretariat identified thirteen categories of documents, established criteria to determine their classification as either

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Secret or Confidential, and with the assistance of appropriate offices in CIA completed the item-by-item review of 3,094 CG/COCOM/CHINCOM documents. The CIA position of downgrading of CG/COCOM/CHINCOM documents, which was adopted by other responsible agencies, was transmitted to the Chairman of the Executive Committee in May.

E. Programming of Research Requirements (TAB E)

The second annual IWG (EDIC) report called attention to the substantial improvement which could be effected in intelligence support for economic defense if the Executive Committee would undertake, in collaboration with EDIC, advance programming and planning of ETAC intelligence needs. At the request of the Acting Chairman of EDIC, the Executive Committee in September agreed to develop with intelligence representatives a statement of research requirements, based in part on the "Schelling" report and its evaluation. This statement could then serve as a basis for discussion and informal allocation in EDIC of agency production responsibilities. An ad hoc committee (the Wright Committee) consisting of both policy and intelligence representatives was subsequently established under State chairmanship to formulate research requirements on the basis of the "Schelling" report entitled "Soviet Economic Trends and Their Implications for East-West Trade." Further EDIC action has been postponed pending completion by the ad hoc committee of its project.

IV. FUTURE ACTIVITIES

During the period of this report there has been an increasing tendency for the economic defense community to deal directly with individual intelligence components. Recognizing that there may be some merit in this trend, EDIC nevertheless, felt that its functions should be re-evaluated; and in April the Secretariat prepared a "Balance-Sheet of EDIC Accomplishments and Shortcomings under its Terms of Reference." In the light of this evaluation, it is believed that in the coming year EDIC can make a greater contribution to the economic defense program through more active participation in both the programming of intelligence research for economic defense and in the production of coordinated intelligence. Furthermore, it is felt that EDIC can continue to serve effectively as an intelligence "catalyst" in studying and recommending solutions to problems of general interest to the economic defense intelligence community.


Acting Chairman

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TAB E

Special Activities

1. Exchange of information on economic defense support activities of the individual intelligence agencies.

- A. Briefing on economic defense activities in CIA. (IWG/M-67)
- B. Briefing on economic defense activities in OIR/State. (EDIC/M-1)
- C. Briefing on the production and revision of MDAC fact sheets. (EDIC/M-7)
- D. Discussion of intelligence support for Economic Defense Officers Conference. (EDIC/M-2)
- E. [REDACTED]

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2. Efforts to improve collection and distribution of information.

- A. Approval of continued dissemination of EDIC/ID series. (EDIC/M-4)
- B. Examination of the transmittal of current economic defense intelligence to the EDAC agencies. (IWG/AM-4)
- C. Transmittal of an alphabetical index of strategic commodities. (EDIC/M-6)
- D. Discussion of means to improve the receipt by action agencies of information from military intelligence agencies. (EDIC/M-4)
- E. Examination of the development of covert collection requirements. (EDIC/M-8)
- F. Review of the problem of acquiring information on trade in decontrolled commodities. (EDIC/M-7, 8 & 9)
- G. EDAC requirements for cargo and shipping data. (IWG/AM-22 and EDIC/M-1)

3. Proposed exchange of information with foreign governments.

- A. Inquiry into possible multilateral or bilateral exchanges of enforcement information with other COCOM countries. (IWG/M-63)
- B. [REDACTED]

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TAB E (Cont'd)

4. Downgrading of COCOM documents.
 - A. Discussion of the downgrading of CG/COCOM/CHINCOM documents in accordance with U.S. security requirements. (EDIC/M-7 & 10)
5. Joint programming of intelligence research with policy and action agencies.
 - A. Discussion of intelligence research program for EDAC. (IWG/M-67 and EDIC/M-9)
 - B. Examination of criteria and intelligence support for possible review of China Controls. (EDIC/M-4, 5 & 7)
 - C. Proposed FY 1955 OIR Economic Defense Staffing Program. (IWG/AM-26)
 - D. Program requirements to cover "External Financial Operations of the Soviet Bloc" (EDIC/M-5, 6 & 7)
 - E. Discussion of "Balance-Sheet" of EDIC Capabilities and Deficiencies. (EDIC/M-8 & 9)

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IAC-D-53/6
15 October 1954

INTELLIGENCE ADVISORY COMMITTEE

Proposed Change of Name of

Intelligence Working Group

1. At a meeting on 30 September 1954, the Intelligence Working Group (IWG) approved a change in its name to Economic Defense Intelligence Committee (EDIC). The IWG has requested that the Intelligence Advisory Committee approve this change.

2. The IWG was established on 25 July 1952 under authority of IAC-D-53/1. Experience has indicated that the present name and initials do not adequately reflect either the mission or present functions of the group. At least two other Washington interdepartmental groups are also known by the same symbol -- "IWG". The symbol "EDIC" is not found in Abbreviations of Intelligence Interest (CIA/CD/13, dated July 1954).

3. Please telephone concurrences or non-concurrences in this proposal to the office of the Secretary, by the close of business, Friday, 22 October.

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Secretary

IAC-D-53/6
15 October 1954

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IAC-D-53/6
15 October 1954

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INTELLIGENCE ADVISORY COMMITTEE

Proposed Change of Name of

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Concurrences

AF - 19 Oct

JIG - 20 "

State - 22 "

21.2
11.4 - 22 "

REC - 25 Oct.

FBI - 25 Oct.

Secretary

IAC-D-53/6
15 October 1954

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IAC-D-53/5

16 September 1954

INTELLIGENCE ADVISORY COMMITTEE

John
Second Annual Progress Report of the
Intelligence Working Group
1 July 1953 - 30 June 1954

mid *8317*
The Second Annual Progress Report of the Intelligence Working
Group (IWG), circulated herewith for noting, will be placed on the
agenda of the 28 September meeting of the IAC.

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Secretary

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IAC-D-53/5
16 September 1954

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SECOND ANNUAL PROGRESS REPORT OF THE
INTELLIGENCE WORKING GROUP

1 July 1953 - 30 June 1954

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IWG/R-19
Control No. 2058
1 September 1954

SECOND ANNUAL PROGRESS REPORT OF THE
INTELLIGENCE WORKING GROUP

• 1 July 1953 - 30 June 1954

I. Responsibilities of the IWG

Within its Terms of Reference, the Intelligence Working Group (IWG) ^{1/} is responsible for arranging the mobilization of intelligence resources and data relevant to needs of the Economic Defense Advisory Committee (EDAC), for recommending to appropriate agencies collection requirements designed to fill specific gaps, and for providing EDAC with both coordinated intelligence reports and "spot" intelligence. The following provides a report on IWG activities and accomplishments during the period 1 July 1953 to 30 June 1954, and a statement on IWG problems and objectives.

II. IWG Activities and Accomplishments

A. Mobilization of Intelligence Resources and Data

The IWG continued to provide the sole interagency forum where the action agencies engaged in the economic defense program meet with representatives of CIA, ONI, APOIN, G-2 and OIR/State to mobilize the intelligence resources of the Government for the support of the economic defense program. (Tabs A, C, and D indicate the wide range of IWG activities and interests.) The IWG thus serves as the focal point of government-wide intelligence support at the working level for EDAC and

^{1/} The IWG was established at the request of the Director of Mutual Security and the Secretary of State, and with the approval of the Director of Central Intelligence and the Secretary of Defense. Its Terms of Reference were approved by the IAC on 25 July 1952 (IAC-D-53/1, as amended). For further details, see IWG/R-13, "First Annual Progress Report of the IWG".

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IWG/R-19

its member agencies. This mobilization function included the preparation and distribution for use of member agencies of an IWG Commodity Analysis Checklist to facilitate analysis of the best available intelligence; the adoption of new procedures for the production and coordination of commodity studies; and an effort to elicit more adequate intelligence on military uses of commodities in connection with the recent comprehensive review of the international security lists.

An IWG subgroup was appointed, under chairmanship of a Treasury representative, to study and report upon the needs for and the adequacy of intelligence on external financial operations of the Soviet bloc. Its findings were incorporated in an IWG report which was furnished to the EDAC Executive Committee for appropriate action and to the Economic Intelligence Committee for information.

An IWG Electronics Subgroup was established to mobilize the resources of the intelligence community for an appraisal of the contribution to Soviet war potential which would result from that country's acquisition of a high power television transmitter from the . The results of this appraisal were incorporated in an IWG paper which served the action agencies as the intelligence basis for determining the U.S. position on the export question.

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B. Production of Coordinated Intelligence

1. Intelligence Support to Security List Review - One of the major tasks of the IWG during the past year was the production of coordinated intelligence on the strategic importance of particular commodity items to the war potential of the Soviet bloc. The IWG provided the principal support channel to the Joint Operating Committee in this respect prior to the acceleration of the security list review. Of 14 studies produced by the IWG, 10 provided information required by the EDAC-ACEP structure in determining the strategic rating of specific commodity items (see Tab A). Intelligence provided through the IWG supplemented technical information furnished by the Department of Commerce technical task groups.

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2. Appraisal of Soviet Trade Tactics - During this period the intelligence community was called upon to provide intelligence analyses required at the policy planning level on the significance of Soviet offers of strategic materials to the West and the implications of the "New Course" in the domestic economies of the several countries of the Soviet bloc.

Also, the Consultative Group (CG) in Paris in April 1954 agreed that, in light of the then current expansion as compared with previous low levels of trade between the Soviet bloc and the Free World, it would be desirable to devote increased effort and attention to the detection and analysis of any changes in Soviet trade tactics generally. This surveillance was deemed necessary to take account of developments likely to affect the operation of strategic export controls and to enable Western countries to counter Soviet economic and political penetration.

In anticipation of need for work in this field the IWG as early as September 1953 gave consideration to undertaking an interagency study on the Soviet trade offensive. An IWG case on "Proposed Study of Soviet Trade Activities and Tactics in Non-COCOM Areas" was drafted in that month, but work was not commenced due to the preoccupation of member agencies with a related intelligence study, NIE 10-54, "Soviet Capabilities for Economic Warfare." The IWG endeavored at intervals to elicit guidance from the Executive Committee as to its intelligence requirements on this subject. The matter was considered at no less than seven meetings during the period September 1953 - June 1954, and a bibliography of 45 articles on changing Soviet trade and economic policy was circulated in May 1954. These discussions in the IWG, together with papers on various facets of the Soviet trade problem prepared in State, Treasury and MDAC, served as the basis of a paper prepared by MDAC for submission to COCOM pursuant to the CG agreement to discuss Soviet trade trends and tactics. An IWG report appraising the significance of Soviet offers to the West of manganese, chrome, platinum and palladium, and a CIA paper on Soviet petroleum offers was furnished to EDAC.

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With respect to the consumer goods problem the IWG was requested to submit for EDAC consideration a list of non-strategic consumer goods having certain characteristics which would make them appropriate for licensing to the European satellites to decrease the political and economic unity of the Soviet bloc. Through the aegis of the IWG, a CIA study on the availability of consumer goods in the Soviet bloc was provided to the Executive Committee. It was the consensus of the IWG that the specific criteria for selection of goods for export would rule out most of the items or categories on the CIA list of consumer goods in short supply. The IWG also called attention to the internal benefits to the Soviet regime at that time of increasing the availability of consumer goods through imports from the West.

C. Spot Intelligence Contributions

The IWG has continued to furnish EDAC agencies with significant items of current intelligence (see Tab B.) Through its representatives on the IWG, the Office of Naval Intelligence continued to contribute significant items of current economic defense intelligence to the EDAC. Seventeen items covering generally the movement of specific vessels and/or the diversion of strategic commodities to Soviet bloc destinations were submitted by ONI during the year.

D. Strategic Trade Intelligence Support to Action Agencies

Intelligence support to action agencies on strategic trade diversions is the responsibility primarily of the Strategic Trade Branch in CIA, ORR. As reported in the First Annual Report of the IWG, this operation was organized in response to the recommendations of the IWG that an intelligence unit should be organized in CIA to provide intelligence for the implementation and enforcement of free world economic defense measures. The Strategic Trade Branch operates as a central facility to which intelligence on East-West trade transactions flows from all available sources, where these intelligence materials are collated, analyzed and evaluated, and from which timely intelligence on strategic trade transactions and/or diversions is transmitted to action agencies through the Diversion Control Net (DCN). The volume of operational support is indicated by the fact that during the year over 600 transactions cases and surveillances, the strategic significance of which had been established, were selected for further investigation by staff

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analysts. From these the DCN had docketed nearly 200 cases for action by the end of June 1954. To a limited extent, aggregative reports are prepared in response to requests of action agencies on transactions or diversions of strategic goods and on firms and individuals participating in such activities.

E. Intelligence Collection and Utilization

During the year the IWG renewed its efforts to establish a comprehensive pattern of U.S. Government requirements for the covert collection of economic defense information. Proposed instructions for lateral dissemination of East-West trade information in the field, prepared under IWG auspices, were prepared as a Department of State circular airgram. The American Embassy, Vienna, requested that the IWG suggest methods of compensating for the loss in intelligence which resulted from the abolition of censorship in Austria. Upon a review of the problem the IWG found there was no means available for compensating for the loss. On recommendation by the IWG steps were taken by MDAC, Defense, and State with CIA cooperation to exploit accumulated censorship material for the purpose of extracting pertinent information on diversions of strategic commodities to Soviet destinations. The IWG also reviewed, but reached no conclusions, on the Executive Committee request for a statement of recommendations for corrective action with respect to the problem of inadequate priorities for the collection of economic defense information (see Tab E) and undue delay in its transmission. The former Chairman of the IWG visited major Western European centers to brief overseas personnel regarding the utilization of economic defense intelligence in Washington, to obtain knowledge on the problems and facilities for collection of such intelligence, and to make recommendations for increasing and improving its collection and for lateral dissemination to posts overseas. His findings were incorporated in a report, "Survey of Collection of Economic Defense Information in Western Europe" which was distributed to the IWG and the Executive Committee.

III. Major Problems and Programs

A. Utilization of IWG Facilities - The tempo of IWG activity fluctuated widely during the report period. The severe decline during the second half of the year, reflected in the initiation of only three cases compared to twenty during the July - December 1953 period, can be

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traced primarily to the preoccupation of member agencies with the accelerated security list review, and to the placing by EDAC of few requests upon the IWG. Basic to this situation is the fact that intelligence research within the U.S. Government is not oriented in a manner to provide a quick response to the needs of the economic defense program. Intelligence support could be substantially improved if the Executive Committee would undertake, in collaboration with the IWG, advance programming and planning of EDAC intelligence needs. The intelligence agencies then would be enabled to gear their research program so as to aid in meeting the primary needs of the EDAC.

To stimulate the continued use of the IWG as the agreed mechanism of intelligence support, special summaries of IWG activities were published in January, March, and May. These directed the attention of the IWG and Executive Committee members to specific problems of economic defense on which the IWG had an intelligence support responsibility.

B. Program for Coming Year

IWG activities during the year ahead, as during the review period, will be guided by NSC 152/3. This statement of U.S. policy in the economic defense field placed increased emphasis on improving the availability and utilization of current intelligence in matters relating to enforcement of free world controls, and in developing ancillary measures to improve implementation and enforcement of agreed controls.

With the substantial completion of the security list review by the end of June 1954, EDAC has indicated a renewed interest in the utilization of IWG facilities. MDAC has already requested the IWG to: recommend the establishment of suitable mechanisms and surveillance techniques to trace the movement of the strategic items decontrolled during the COCOM negotiations; assemble and assess the adequacy of all intelligence contributions furnished the Joint Operating Committee during the list review so as to make available a "known universe" of commodity intelligence from which further analysis can proceed; develop additional intelligence on the subject of Soviet trade trends and tactics as a basis for preparation of papers to be submitted to the fall session of COCOM.

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In connection with interagency planning for the conduct of economic warfare in time of war, the IWG may be called upon to undertake a study of the intelligence support that would be required. Advance consideration by the intelligence community as to the support which would be required by action agencies in the event of war is highly desirable.

Chairman
Intelligence Working Group

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D/E/RR:JAG:gg (1 September 1954)
CIA/RR (IWG Secretariat)

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TAB E

PROBLEMS OF INTELLIGENCE COLLECTION AND UTILIZATION

I. Production of IWG Reports

A. To maximize intelligence support to the security list reviews undertaken in connection with COCOM negotiations, a new procedure was adopted in July 1953 to supersede the previous arrangement under which the Office of International Trade (later Bureau of Foreign Commerce) had assumed responsibility for combining intelligence contributions from various agencies and writing a single paper containing technical definitions, intelligence and strategic rating recommendations. The new procedure provided for the preparation within the IWG of a paper incorporating intelligence on Soviet bloc uses, production capabilities and shortages, with a second paper containing technical information only being prepared in BFC. This procedure resulted in a marked improvement in the intelligence product and was utilized until the accelerated security list review in the spring of 1954 made IWG processing of commodity paper impracticable.

B. During the recent Trilateral and CG/COCOM review of the security lists, the following criteria were used in placing items on embargo: Materials and equipment (1) designed specially or used principally for development, production or utilization of arms, ammunition, implements of war and atomic energy materials; (2) which incorporate advanced technology or unique know-how, the acquisition of which may reasonably be expected to permit a significant advance in Soviet bloc technology in military or atomic energy production over the level of development already achieved or expected to be achieved within a short period; and, (3) in which the Soviet bloc has a deficiency which is critical in relation to its military capabilities and which it could not overcome within a short period. An item could be placed on international embargo only if one of the above criteria were met. It was essential, therefore, that information pointing up the direct, or close indirect, military application of particular commodities be made available to the U.S. Delegation. Discussions were held between representatives of the military services and the Chairman, IWG, and immediate steps were agreed upon to elicit additional information of this nature.

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C. A related problem in the production of commodity analyses has been that of obtaining approval for release of information for use in negotiations with foreign nationals. This problem applies to all intelligence, but particular difficulty is encountered in the case of intelligence falling within the category of "classified military information." A series of meetings were held, therefore, with military members of the IWG to discuss the application of SD-MICC policy governing the release of military information to foreign nationals. It was agreed that the kind of information (prepared for use in COCOM) generally found in IWG papers which had originated with the military services was primarily of economic nature and as such could not be termed military intelligence per se; in such cases the release of such information was considered beyond the jurisdiction of SD-MICC. There is no legal basis for the disclosure of military information classified CONFIDENTIAL or higher without an exception, and certain of the military services are reluctant to grant an exception to the national disclosure policy in order to release such information to COCOM.

Because of this reluctance an effort was made to acquaint military security officers with the facts that (1) the utilization of classified military information is for the purpose of obtaining a quid pro quo in the form of restrictions of strategic exports, and (2) inability to use such information would impede attainment of the objectives of U.S. economic defense policy.

D. It developed during the year that responsibility for production of IWG studies fell principally on CIA with other member agencies making comment or providing additional intelligence on a limited basis. Of the eighteen IWG studies completed during the review period, CIA initiated and completed 14. IWG subgroup prepared three, with the other being a joint product of CIA and OIR. Written comments on draft IWG working papers were received only from the FOA and AFOIN representatives.

II. IWG Efforts to Increase Intelligence Collection

IWG discussions revealed that an underlying cause for inadequate intelligence to serve the needs of EDAC was (and continues to be) the absence of priority for covert collection of this type of intelligence.

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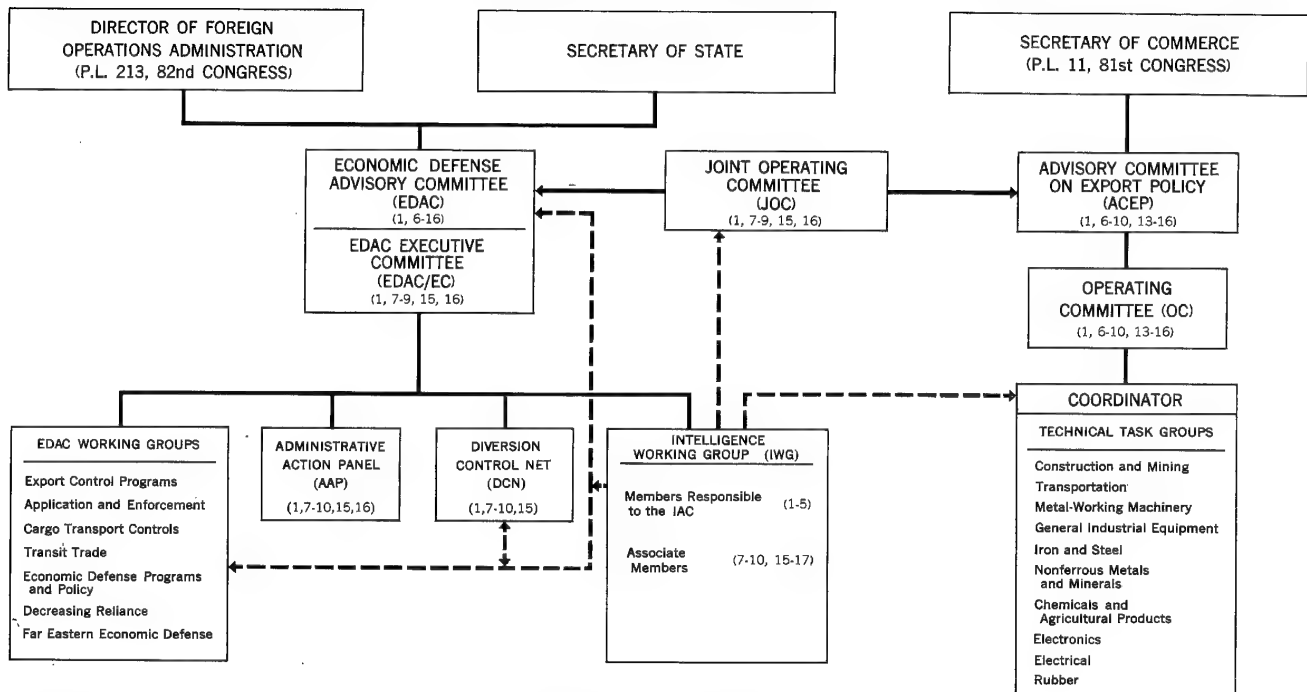
It is believed that Objective No. 8 of Priority List of Critical National Intelligence Objectives (IAC-D-50/2) could be used as the basis for an intensified effort to collect economic defense information, but an interpretive statement to this effect would be needed. Improved intelligence collection is an urgent matter in terms of the needs for information required to implement NSC 152/3.

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INTELLIGENCE SUPPORT FOR ECONOMIC DEFENSE



NOTE: Dashed lines indicate flow of intelligence support from IWG

PARTICIPATING AGENCIES NUMBERS ON CHART INDICATE PARTICIPANTS

- | | | |
|--------------|------------------|-----------------|
| 1. CIA | 7. DEFENSE (OSD) | 13. AGRICULTURE |
| 2. STATE (R) | 8. STATE (E) | 14. INTERIOR |
| 3. G-2 | 9. COMMERCE | 15. MDAC |
| 4. ONI | 10. TREASURY | 16. FOA |
| 5. AFOIN | 11. ODM | 17. STATE (MC) |
| 6. AEC | 12. EX-IM BANK | |

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IAC-D-53/4
24 September 1953

INTELLIGENCE ADVISORY COMMITTEE

FIRST ANNUAL PROGRESS REPORT OF
THE INTELLIGENCE WORKING GROUP

Subject progress report is attached for the
information of the IAC members and comment as
desired at an early IAC meeting.


Secretary

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IAC-D-53/4
24 September 1953

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IWG/R-13
Control No. 445273
18 September 1953

FIRST ANNUAL PROGRESS REPORT OF THE IWG

August 1952 - July 1953

I. Authority for the Intelligence Working Group

The Director of Central Intelligence approved the proposal of the Director for Mutual Security and the Secretary of State for the establishment of an Intelligence Working Group (IWG) for direct intelligence support of the Economic Defense Advisory Committee (EDAC). The proposal was indorsed by the Secretary of Defense. IWG Terms of Reference were approved by the Intelligence Advisory Committee on 25 July 1952 (IAC-D-53/1) and amended by IAC-D-53/3.1 of 25 February 1953.

II. Organization of the Intelligence Working Group

The IWG is composed of members from the intelligence sectors of the Departments of State, Army, Navy, and Air Force, and the Central Intelligence Agency. Associate membership is held by the Office of the Administrator for Mutual Defense Assistance Control of the Foreign Operations Administration, the Office of the Secretary of Defense, the Foreign Operations Administration, and the Departments of Commerce, Treasury, and State (Economic Defense Staff and Office of Munitions Control). Any other agency having interest or competence in the field of economic defense intelligence may be invited to sit with the Group. CIA/RR provides the Chairman and the Executive Secretary.

During the past year fourteen subgroups were established to provide IWG with specialized research and technical advice in specific fields of economic defense. Five of the subgroups are currently operative. The others have completed their assignments.

III. Purpose of IWG and Relationship to EIC

The IWG is unique within the U.S. Government in acting as an inter-agency service facility for the review, coordination, and production of timely economic intelligence which is directly applicable to current or impending problems of economic defense policy or operations and is not exclusively within the mission or responsibilities of any existing agency or interagency groups. Its purpose, as stated in its Terms of Reference is "to develop and furnish intelligence to the EDAC for policy making and operations in the economic defense field...and to develop closer continuous relationships among the operations, policy-formulation, and intelligence-research elements engaged in the economic defense program."

This document contains information affecting the national defense of the United States within the meaning of the Espionage Laws (Title 18, U.S.C., Sections 793 and 794) [28 June 1948]. The transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

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The role of the IWG differs from that of the Economic Intelligence Committee (EIC) which is responsible for "fundamental economic research...relating to the national security." The IWG looks to the EIC and other research facilities for basic research support.

IV. Responsibilities and Accomplishments of the IWG

A list of all cases which have been formally placed before the IWG for consideration will be found in Tab A. Most of these cases have resulted in the preparation of papers (listed in Tab B) which have been furnished to EDAC components.

The major responsibilities placed upon the IWG under its Terms of Reference, together with an indication of the IWG's progress during the past year in meeting them, follow:

A. Responsibility: Prepare or arrange for the preparation of reports which present the best available economic intelligence on problems of concern to the EDAC.

Progress: The IWG has prepared twenty-one papers involving research and analysis in particular fields of economic defense (Tab B). Ten were concerned primarily with strategic commodities while six were in the field of shipping intelligence. The remainder involved export controls generally. The IWG is now being used as the mechanism through which intelligence studies of the Soviet bloc supply position and strategic uses in the bloc of specific commodities are prepared, reviewed and coordinated.

B. Responsibility: Provide current intelligence to the EDAC in response to specific requests or on its own initiative.

Progress: The IWG has been instrumental in providing current intelligence to assist action agencies in meeting their current or impending problems of economic defense policy or operations. Of nineteen papers of this nature prepared by IWG, fifteen have been significant items of intelligence in the shipping and commodity movement fields contributed by the ONI member for use by EDAC (see Tab C). In addition, several urgent requests by action agencies have been handled under the aegis of the IWG directly by analysts in the several intelligence agencies, time not having permitted the matter to be formally placed on the IWG agenda for review.

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The effort made by IWG to establish procedures for the collation of current intelligence for the purpose of providing action agencies with the processed intelligence they require as a basis for preventive and/or remedial action is covered in the statement of progress under subsection D and Tab D, following.

C. Responsibility: Determine the necessity, desirability, and feasibility of obtaining further information or intelligence concerning the subject matter of specific reports or to fill specific gaps, and recommend action by appropriate agencies to meet these needs.

Progress:

1. An IWG subgroup was established in response to a specific request of the EIC Subcommittee on Requirements and Facilities for Collation to prepare "a consolidated set of requirements for collection...on East-West trade". This subgroup was instructed to ascertain existing guidance to collection agencies, formulate recommendations for over-all priority requirements for collection, identify critical deficiencies in fulfilling such requirements, and make appropriate corrective recommendations (see Section V.).

2. An IWG paper, "Report on COCOM Statistical Reporting," pointing out inadequacies and deficiencies in the reporting system, was forwarded to EDAC to be used by that Committee as the basis for the preparation of an instruction to the U.S. Delegate to COCOM.

3. Various agencies have formulated and served detailed collection requirements upon appropriate collection agencies to obtain further information or intelligence concerning the subject matter of specific reports or to fill specific gaps.

D. Responsibility: Arrange for the mobilization of the economic data and analyses relevant to appropriate needs of the EDAC.

Progress: Four principal developments (see Tab D) having bearing on the above responsibility, were:

1. Recommendation for the establishment in CIA of a unit to process current economic defense intelligence and to collate such intelligence for use of the operating agencies. This recommendation was approved and the unit has been set up.

2. Establishment of uniform procedures for the production and approval for release of IWG papers.

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3. Preparation of recommended instructions to the field for the lateral distribution of current intelligence on suspected diversion of controlled commodities to the Soviet bloc was coordinated through the IWG.

4. Transmittal of a memorandum to appropriate officials of SOVMAT and JMIA listing four categories of information about Soviet bloc equipment that is of significance to the IWG and the FDAC agencies, and requesting distribution to IWG of all analyses falling within those categories.

V. Major Problems and Objectives

A. Statement of U.S. Policy Pertinent to IWG Activities

The new U.S. policy directive in the field of economic defense will guide EDAC and IWG activities during the coming year. Particularly pertinent are the following objectives requiring intelligence support as outlined in this directive: (1) Improve the availability and utilization of current intelligence in matters relating to enforcement of controls which have been agreed by the free world; (2) Develop ancillary measures, including control over transit trade and transshipment, free port activities, financial controls, and black-listing, to improve implementation and enforcement of agreed control systems, particularly control over strategic commodities; (3) tighten the control list criteria and review the strategic rating of commodities on the control lists to provide for the selection of commodities which contribute significantly to the Soviet war potential.

B. Discharge of IWG Responsibilities under New Policy

1. To provide the intelligence support essential to the implementation of the new U.S. policy, the IWG must intensify its efforts to make current economic defense intelligence available to action agencies. A major forward step has been the creation, at the request of IWG, of the current intelligence unit within CIA. This unit cannot operate at maximum effectiveness, however, unless ways are found to assign higher priorities to the collection of information relevant to economic defense. It also may be appropriate for the IWG to inquire into the causes of delay in the transmission to Washington of East-West trade information and its dissemination to appropriate agencies. Approval and implementation of proposed instructions for lateral distribution of East-West trade information in the field should facilitate the prevention of trade control violations.

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2. The tightening of the criteria for the selection of commodities which contribute significantly to the Soviet bloc war potential will place an additional work load of commodity review and analysis upon the IWG. It will require increased vigilance on the part of the intelligence agencies in the detection of changing economic vulnerabilities within the bloc. The extent of this work load will be dependent upon the outcome of the programs being developed by the action agencies having responsibilities under this new policy directive.

3. The full potential of the IWG for intelligence support has not yet been utilized by action agencies or working groups of the EDAC structure. IWG/AM-8, distributed in EDAC as EDAC D-48, establishes a mechanism by which EDAC agencies (and working groups within the EDAC-ACEP structure) may request direct intelligence support from the IWG. These established procedures are assisting the action agencies and interagency work groups in drawing upon the IWG facilities. In furthering this effort to maximize the contribution of the IWG as the focal point of intelligence support for economic defense, CIA is now putting through the Group for review and coordination most of its intelligence, including commodity analyses, which formerly went directly to other working groups. It is hoped that the objective of realizing the full potential of the IWG will be reached during the coming year.



Chairman
Intelligence Working Group

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TAB-D

PRINCIPAL DEVELOPMENTS IN THE MOBILIZATION OF ECONOMIC
DATA RELEVANT TO NEEDS OF EDAC

1. Establishment of Procedure for Processing Current Economic Defense
Intelligence

In response to a request of the Steering Group (new Executive Committee) of EDAC, IWG prepared and forwarded to CIA a paper (IWG/CI-2 of 5 February 1953, as amended 3 March 1953) which pointed up the deficiencies of then-existing arrangements "for processing the considerable amount of raw intelligence and incompletely-evaluated intelligence now being received regarding Soviet bloc procurement activities." This paper recommended that "the CIA designate a unit within that Agency to process current East-West trade intelligence..... for the purpose of serving through the IWG the needs of the EDAC structure." By memorandum of 16 March 1953, the Assistant Director for Research and Reports, CIA, approved the establishment of such a unit. It is now functioning on a limited basis and is expected to be in full operation by mid-September.

2. Establishment of IWG Procedures

Administrative Memorandum, IWG/AM-8, prepared by IWG and distributed by the Executive Secretary, EDAC, throughout the EDAC structure, provided: (a) uniform procedures for the production and subsequent approval for release of IWG intelligence; (b) furnished a summary of current pertinent

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TAB D

instructions covering dissemination of economic defense intelligence to U.S. Government agencies and foreign nationals; and (c) outlined procedures to be followed in the establishment of IWG subgroups and in the production of IWG reports.

3. Lateral Field Dissemination of East-West Trade Information

At the request of the Chairman, EDAC Steering Group (now Executive Committee), the IWG undertook to coordinate the interagency preparation of instructions to field representatives for lateral distribution of current intelligence concerning suspected diversions of strategic commodities to the Soviet bloc. It is understood that the Department of Defense will issue similar instructions to its intelligence representatives overseas upon receipt of agreed instructions to the Foreign Service covering State, Commerce and CIA.

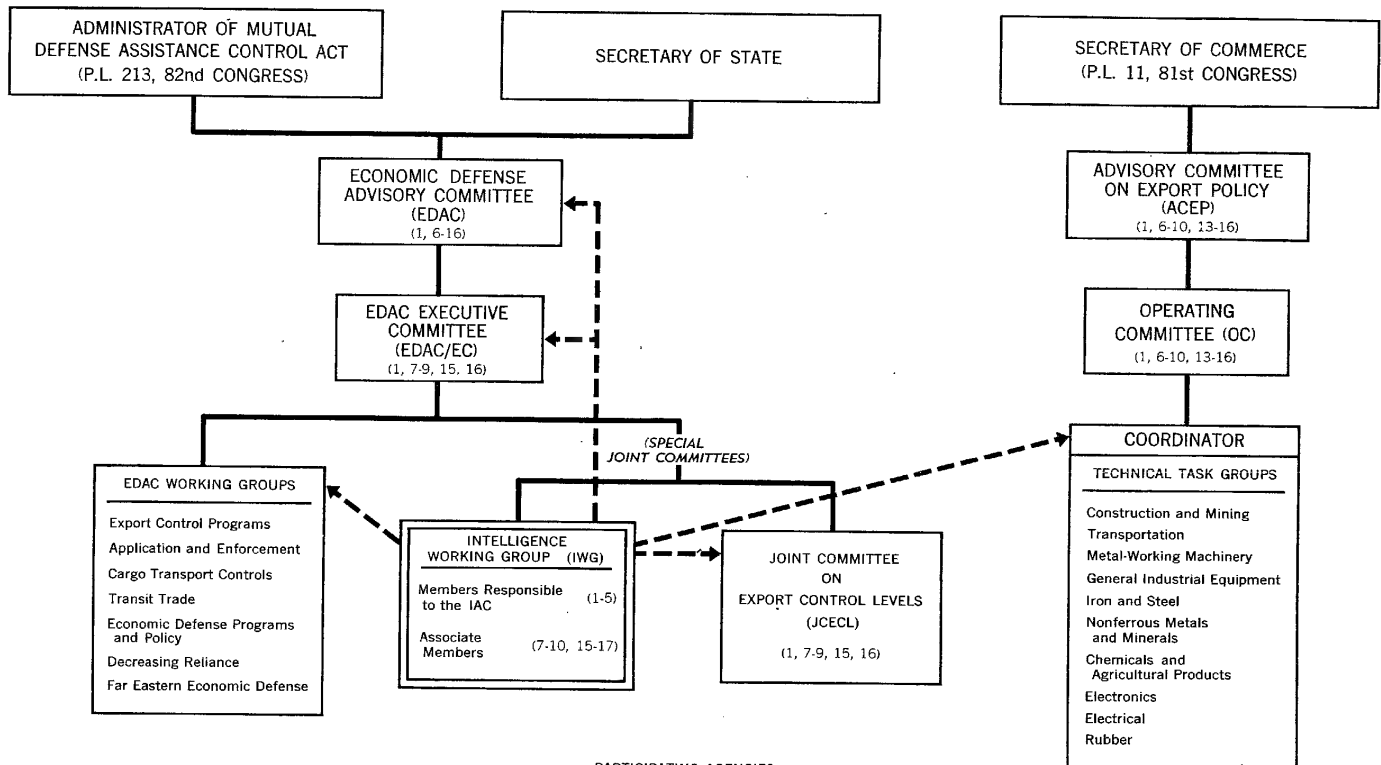
4. Intelligence Exploitation of Soviet Bloc Equipment

The IWG distributed to each of its three Service members, to Chief, SOVMAT, CIA, and to the Director of the Joint Material Intelligence Agency (now Joint Technical Intelligence Subcommittee of JIC) a memorandum listing four general categories of information about Soviet bloc equipment of significance to the IWG and the EDAC agencies. Cooperation of the Director, JTIS, was requested to insure that relevant analyses and intelligence prepared by his Agency were furnished to the IWG. Such analyses have been useful in connection with the development of intelligence on the quality and composition of commodities and methods of production within the Soviet bloc.

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IWG INTELLIGENCE SUPPORT TO THE ECONOMIC DEFENSE PROGRAM



NOTE: Dashed lines indicate flow of intelligence support from IWG

PARTICIPATING AGENCIES NUMBERS ON CHART INDICATE PARTICIPANTS

- | | | |
|--------------|------------------|-----------------|
| 1. CIA | 7. DEFENSE (OSD) | 13. AGRICULTURE |
| 2. STATE (R) | 8. STATE (E) | 14. INTERIOR |
| 3. G-2 | 9. COMMERCE | 15. MDAC |
| 4. ONI | 10. TREASURY | 16. FOA |
| 5. AFOIN | 11. ODM | 17. STATE (OMC) |
| 6. AEC | 12. EX-IM BANK | |

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INTELLIGENCE ADVISORY COMMITTEE

REVISION OF INTELLIGENCE WORKING GROUP TERMS OF REFERENCE

1. The proposed revision of paragraph 8, IAC-D-53/1, 25 July 1952, is approved. (See IAC-D-53/3, 12 February 1953.)
2. It is not considered necessary to distribute a revised copy of IWG terms of reference. IAC agency offices are requested to note their documents accordingly.

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25 February 1953

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IAC-D-53/3

12 February 1953

INTELLIGENCE ADVISORY COMMITTEE

REVISION OF INTELLIGENCE WORKING GROUP TERMS OF REFERENCE

1. In accord with the National Security Act of 1947 and NSCID 11 and to prevent an interpretation of paragraph 8, IAC-D-53/1, 25 July 1952, which conflicts with departmental regulations issued by any IAC agency, CIA proposes that the subject paragraph be revised to read as follows:

"The members and associate members of the IWG shall have access within the IWG to that intelligence and information produced or obtained by an IAC agency, which is needed for the fulfillment of the IWG mission, subject to appropriate security clearances and the controls and procedures of the originating IAC agency".

2. Agreement to the revision has been reached at the inter-agency working level with the approval by the IWG.

3. The members of the IAC are requested to telephone or write their concurrences or non-concurrences to this Office, ATT: [redacted] [redacted] by Thursday, 19 February 1953.

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[redacted]
Secretary

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12 February 1953

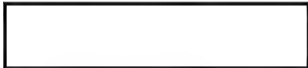
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INTELLIGENCE ADVISORY COMMITTEE

CONCURRENCE-COMMENTS ON INTELLIGENCE
WORKING GROUP TERMS OF REFERENCE

1. All the agencies have concurred in the proposed Terms of Reference of the Intelligence Working Group for Support of the Economic Defense Advisory Committee (IAC-D-53/1).

2. For the information of the IAC and for noting at its next meeting, there are disseminated herewith the concurrence-comments of State and G-2 with respect to this question.


Secretary

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DEPARTMENT OF STATE

Office of the
Special Assistant to the Secretary

August 7, 1952

MEMORANDUM

To:
Central Intelligence Agency

Subject: Terms of Reference of the Intelligence Working Group
for Support of the Economic Defense Advisory
Committee (IAC-D-53/1)

With reference to your memorandum of August 5 on this subject, this office concurs in IAC-D-53/1. I should like to point out, however, that the subject matter with which the Intelligence Working Group will deal falls in an area for which the Economic Intelligence Committee has been assigned responsibility for coordination. I suggest, therefore, that at its next meeting the IAC note its approval of the terms of reference for the IWG, and at the same time record its understanding that any proposals which the Intelligence Working Group may have occasion to present to the IAC should be coordinated in advance with the Economic Intelligence Committee.

/S/ Fisher Howe
Acting

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DEPARTMENT OF THE ARMY

Office of the Assistant Chief of Staff, G-2, Intelligence
Washington 25, D. C.

8 August 1952

MEMORANDUM FOR: SECRETARY, INTELLIGENCE ADVISORY COMMITTEE

SUBJECT: IAC-D-53/1 "Terms of Reference of the IWG for Support of EDAC"

1. G-2 concurs in subject paper. However, as the proposed IWG is unique in the intelligence community and to avoid any future misunderstanding as to G-2 participation in this Group, the following is furnished for the information of all concerned:

a. The G-2 members of the IWG will be Mr. Baxter Wood (Principal) and Mr. Roy S. Tod (Alternate) with the following areas of responsibility;

(1) Mr. Wood has been assigned responsibility for all matters pertaining to that intelligence of interest to EDAC, which is available in G-2 or is within its intelligence production capabilities and responsibilities. To insure the most effective G-2 participation in IWG discussions involving intelligence, Mr. Wood will bring to such meetings the appropriate G-2 specialist on the subject involved, whenever such personnel is available.

(2) Mr. Tod will be responsible for all matters pertaining to EDAC problems involving collection of information and dissemination of intelligence from G-2 sources.

b. To avoid duplication of effort and promote maximum use of existing facilities, G-2 interests and responsibilities in connection with any EDAC problem determined to be within the purview of another existing interagency committee or working group, will be handled by the regular G-2 member of such committee or group, in coordination with the G-2 member of the IWG.

c. The appropriate G-2 member of the IWG, as indicated above, will attend all IWG meetings where the agenda subject involves matters pertaining to G-2 interests or responsibilities in connection with this program.

/S/ A. R. Bolling
Lt. General, GS
A. C. of S., G-2

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13 August 1952

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MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Item No. 4 of the IAC Agenda,
Concurrence-Comments on Intelligence
Working Group Terms of Reference
(IAC-D-53/2)

1. This item need only be noted since it has been concurred in by all the agencies.

2. The State Department's note requesting that any proposal which the Intelligence Working Group may have occasion to present to the IAC should be coordinated in advance with the Economic Intelligence Committee is entirely reasonable and should cause no difficulty.

3. G-2 comment, which is a statement of the way in which G-2 will operate with the Intelligence Working Group, also should cause no difficulty.



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Assistant Director
Intelligence Coordination

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INTELLIGENCE ADVISORY COMMITTEE

TERMS OF REFERENCE OF THE INTELLIGENCE WORKING GROUP
FOR SUPPORT OF THE ECONOMIC DEFENSE ADVISORY COMMITTEE

1. Attached for the consideration of the IAC are the revised draft terms of reference of the Intelligence Working Group for support of the Economic Defense Advisory Committee.
2. This paper entirely supercedes IAC-D-53 which is no longer valid. It will be noted that the present draft places the Intelligence Working Group under the IAC rather than under EDAC, itself, as originally contemplated.
3. The attached draft has the concurrence at the working level of all agencies involved (including the Office of the Director for Mutual Security) with the possible exception of the Air Force, whose representative reserved his position.



Acting Secretary

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TERMS OF REFERENCE OF THE INTELLIGENCE WORKING GROUP
FOR SUPPORT OF THE ECONOMIC DEFENSE ADVISORY COMMITTEE

The Director of Central Intelligence has approved the proposal of the Director for Mutual Security and the Secretary of State for the establishment of an Intelligence Working Group (IWG) for direct intelligence support of the Economic Defense Advisory Committee (EDAC). The Secretary of Defense has indorsed the proposal and requested each of the Services to designate appropriate representatives. In view of the above, the intelligence sectors of the Departments of State, Army, Navy, and Air Force and the Central Intelligence Agency have each appointed a member and an alternate member to serve upon the IWG. The Office of the Director for Mutual Security, the Office of the Secretary of Defense, and the Departments of State, Commerce, and the Treasury have designated representatives to serve as associate members. The Intelligence Advisory Committee, taking cognizance of these facts, hereby approves the following terms of reference.

Membership

1. Membership and associate membership of the IWG shall be composed of the representatives of the Departments and Agencies as stated in the Preamble. Associate members will have full right of participation in all meetings and voice in all work of the Working Group except for those intelligence matters which fall within the

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exclusive responsibility of the IAC agencies. Any other agency having interest or competence in the field of economic defense intelligence may be invited to sit with the Group. The principal representative of CIA shall serve as Chairman and shall designate the Executive Secretary.

Purpose

2. The purpose of the IWG shall be to develop and furnish intelligence to the EDAC for policy making and operations in the economic defense field included under the Mutual Defense Assistance Control Act of 1951 (P.L. 213, 82nd Congress) and directives issued in connection with NSC 104/2 and related documents, and to develop closer continuous relationships among the operational, policy-formulation and intelligence-research elements engaged in the economic defense program.

General Principles

3. The IWG will not supplant any other interagency intelligence arrangements, but will make use of the existing intelligence facilities of the Government, including appropriate interagency committees and working groups.

4. The IWG shall work closely with the Steering Group of EDAC and its working groups in order to obtain maximum guidance in its operations and be responsive to economic defense program requirements

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for intelligence.

5. In carrying out its responsibilities, the IWG may set up such working sub-groups as may be judged necessary.

6. The participation of the representatives of the IAC agencies shall be subject to the conditions prescribed by the Intelligence Advisory Committee.

7. Associate membership of any additional non-IAC agencies shall be subject to approval of both the EDAC Steering Group and the members representing the IAC agencies.

8. Subject to their appropriate security clearance, the members and associate members of the IWG shall have access within the IWG to such intelligence and information prepared or obtained by any of the IAC agencies as is necessary for the fulfillment of the IWG mission.

9. Agencies submitting intelligence to the IWG through their representatives shall be responsible for indicating by appropriate marking on their contributions when the substance of such documents is not releasable to foreign nationals under the provision of MIC 206/29. The IWG shall insure that coordinated intelligence submitted to EDAC is similarly marked to reflect those portions which may not be released.

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General Activities

10. To develop and furnish intelligence to the EDAC, the IWG shall:

- a. Arrange for the mobilization of the economic data and analysis relevant to appropriate needs of the EDAC.
- b. Prepare or arrange for the preparation of reports which present the best available economic intelligence on problems of concern to the EDAC.
- c. Provide current intelligence to the EDAC in response to specific requests or on its own initiative.
- d. Request intelligence memoranda and reports from the several intelligence agencies as required.
- e. Determine the necessity, desirability, and feasibility of obtaining further information or intelligence concerning the subject matter of specific reports or to fill specific gaps, and recommend action by appropriate agencies to meet these needs.
- f. Arrange for the review, on a continuing basis, of pertinent intelligence materials to provide for the timely distribution of such materials to the IWG representatives.

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INTELLIGENCE ADVISORY COMMITTEE

5 August 1952

MEMORANDUM FOR: Special Assistant, Intelligence
Department of State
Assistant Chief of Staff, G-2,
Department of the Army
Director of Naval Intelligence,
Department of the Navy
Director of Intelligence, Headquarters,
United States Air Force
Director of Intelligence,
Atomic Energy Commission
Deputy Director for Intelligence,
The Joint Staff
Assistant to the Director
Federal Bureau of Investigation

SUBJECT: Terms of Reference of the Intelligence Working
Group for Support of the Economic Defense Advisory
Committee (IAC-D-53/1)

1. This paper (IAC-D-53/1) has been disseminated to the agencies. In view of the fact that no IAC meeting will be held this week, it would be appreciated if the concurrence or non-concurrence of the members would be phoned or sent in writing to this office as soon as possible.

JAMES Q. REBER
Secretary

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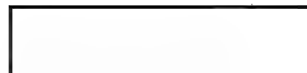
24 June 1952

INTELLIGENCE ADVISORY COMMITTEE

INTELLIGENCE SUPPORT TO THE ECONOMIC DEFENSE
ADVISORY COMMITTEE

1. Attached for the consideration of the IAC is a proposal (TAB A) for supplying intelligence support to the Economic Defense Advisory Committee. This proposal has the concurrence at the working level of the IAC agencies concerned. The proposal includes the establishment of an Intelligence Working Group under the Economic Defense Advisory Committee. The terms of reference of this Working Group (TAB B) have the working level concurrence of all agencies involved.

2. It is requested that the IAC approve the arrangements set forth in both TABS.


Acting Secretary

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INTELLIGENCE SUPPORT TO THE ECONOMIC DEFENSE
ADVISORY COMMITTEE

In accordance with NSCID-15 and pursuant to a request to the Director of Central Intelligence from the Director for Mutual Security and the Secretary of State, who are jointly responsible under Presidential Directive for the coordination of activities in the economic defense field and who by mutual agreement discharge these responsibilities through the Economic Defense Advisory Committee structure, the Intelligence Advisory Committee hereby authorizes and directs that:

1. The Departments of the Army, Navy, Air Force, and State and the Central Intelligence Agency shall appoint a member and an alternate member to serve upon the Intelligence Working Group of the Economic Defense Advisory Committee for the specific purpose of providing intelligence support to that Committee as required for the implementation of The Mutual Defense Assistance Control Act of 1951 (P.L. 213, 82nd Congress) and directives issued in connection with NSC 104/2 and related documents.

2. In recognition of the fact that EDAC must have intelligence on a timely basis, each of the IAC agency representatives serving upon the IWG shall act for the intelligence chief of his agency on all matters pertaining to the activities of the IWG and

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shall be directly responsible to him for insuring that, within its capabilities, each IAC member agency provides timely intelligence support to EDAC.

3. To avoid duplication of effort, the IAC representatives on the IWG shall, wherever possible, make use of the existing intelligence facilities of the Government, including appropriate interagency committees and working groups, to obtain the intelligence support required by EDAC.

4. EDAC intelligence requirements necessitating the initiation of production or collection action shall be implemented by the IAC representatives on the IWG through the normal command channels of their respective departments or agencies, and the establishment of necessary priorities for such action shall be subject to existing IAC policy.

5. The IAC representatives on the IWG shall take necessary action to insure that all intelligence submitted by the IWG for consideration by EDAC is duly evaluated.

6. As the provision of maximum intelligence support to EDAC will require the use of highly sensitive intelligence information and, in many cases, the initiation of clandestine collection requests, the handling of such sensitive matters by the IAC representatives on the IWG shall be subject to existing policies, regulations, and procedures established by the IAC member agencies individually or

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collectively for the protection of intelligence sources and methods. If at any time the IAC representatives on the IWG, individually or collectively, shall determine that a deviation from such security policies, regulations, or procedures is necessary, such deviation shall be subject to the approval of the intelligence chief concerned and/or the IAC as may be appropriate.

7. IAC representatives serving upon the IWG shall have the highest security clearance and shall be authorized access to all sensitive intelligence information, sources, and methods necessary for the accomplishment of their mission.

8. The IAC representatives on the IWG shall, in collaboration with the non-IAC members of the Group, develop specific terms of reference and operating procedures for the operation of the Group which shall be submitted to the IAC for approval.

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TERMS OF REFERENCE FOR THE INTELLIGENCE WORKING GROUP
OF THE ECONOMIC DEFENSE ADVISORY COMMITTEE

The Director for Mutual Security, the Secretary of State, and the Director of Central Intelligence, with the concurrence of the Intelligence Advisory Committee, have established the Intelligence Working Group (IWG) of the Economic Defense Advisory Committee composed of designated representatives, a principal and an alternate, of the Office of the Secretary of Defense, G-2, ONI, AFOIN, CIA, Commerce, State, Treasury, and Office of the Director for Mutual Security. Any other agency whose interest or competence may be relevant to a particular problem under examination may be invited to sit with the Group. The principal representative of CIA shall serve as Chairman of the IWG and shall designate the Executive Secretary.

Purpose

The purpose of the Intelligence Working Group shall be to develop coordinated intelligence for policy making and operations in the economic defense field included under the Mutual Defense Assistance Control Act of 1951 (P.L. 213, 82nd Congress) and directives issued in connection with NSC 104/2 and related documents.

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General Principles

- a. The Intelligence Working Group will not supplant any other interagency intelligence arrangements.
- b. In reviewing and evaluating intelligence, the members of the Group will normally present agency views. Where time does not permit the development of the coordinated views of their respective agencies, members of the Group may give informal estimates, opinions, and evaluations.
- c. In carrying out its responsibilities, the IWG may set up such working sub-groups as may be judged necessary.
- d. The participation of the representatives of the IAC agencies will be subject to the conditions prescribed by the Intelligence Advisory Committee.

General Activities

For use in economic defense policy making and operations, the Intelligence Working Group shall:

- a. Act as a coordinating mechanism to provide effective exploitation of the intelligence resources of the Government.
- b. Arrange for the review on a continuing basis of pertinent intelligence materials to provide for the timely distribution of such materials to appropriate agencies, individuals, and working groups.
- c. Determine the necessity, desirability, and feasibility of

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obtaining further information or intelligence concerning the subject matter of specific reports.

d. Request intelligence memoranda and reports from the several intelligence agencies, as required.

e. Prepare essential intelligence collection requirements.

f. Recommend additional sources for exploitation by the appropriate agency to obtain information of interest to EDAC.

g. Recommend arrangements for identifying information required by the IWG and for its expeditious transmission to appropriate personnel.

h. Review for presentation to the appropriate elements of the EDAC structure spot information, current intelligence, and other intelligence, in response to specific requests or on its own initiative.

i. Recommend to the IAC that the Economic Intelligence Committee (EIC) undertake major economic research projects when the need is indicated.

j. Review and recommend arrangements for providing intelligence for economic defense activities in the field by appropriate elements of agencies abroad.

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23 June 1952

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INTELLIGENCE ADVISORY COMMITTEEMONITORING OF WARNING-OF-ATTACK MESSAGES BY
THE WATCH COMMITTEE

The following has been received from the Joint Intelligence Committee and is circulated for consideration at the next IAC meeting:

"1. The Joint Intelligence Committee, in considering the implementation of NSC 116, has noted that there is no agency specifically designated to draft the NATO WARNING-OF-ATTACK messages. Since the Watch Committee of the Intelligence Advisory Committee will make the initial evaluation of information contained in the NATO WARNING-OF-ATTACK message, the Joint Intelligence Committee recommends that the Watch Committee be designated to draft the message. A procedure for accomplishing the above is proposed as follows:

"a. Watch Committee drafts recommended WARNING-OF-ATTACK message using enclosed form. (TAB A)

"b. Watch Committee submits recommended draft to the Intelligence Advisory Committee for approval and submission by the Director of Central Intelligence to the National Security Council. A copy will be simultaneously given to the Joint Chiefs of Staff.

"c. When the message is approved by the National Security Council and The President, it is transmitted by the Joint Chiefs of Staff.

"2. In case actual hostilities have commenced or the Joint Chiefs of Staff consider hostilities so imminent that time is of vital importance, the Joint Chiefs of Staff are authorized (Reference NSC 116) to transmit such WARNING-OF-ATTACK messages without first securing the approval of the National Security Council, the National Security Council being so informed. However, in order to avoid any misunderstanding as to the responsible agency in any given situation,

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it is believed that the procedure outlined in paragraph 1 should be followed in all cases unless advice is received that the Joint Chiefs of Staff have sent a WARNING-OF-ATTACK message on their own authority.

"3. Advice is requested as to whether the Intelligence Advisory Committee concurs in the proposal outlined in paragraph 1 above. Upon receipt of advice that the Intelligence Advisory Committee has concurred with this proposal, the Joint Intelligence Committee will regard the procedure in effect, and will undertake the necessary action with the view toward bringing the Joint Chiefs of Staff Emergency Check List up to date."

Acting Secretary

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S-E-C-R-E-T
Security Information
IAC-D-51
27 May 1952

INTELLIGENCE ADVISORY COMMITTEE

RDB REQUEST FOR INTELLIGENCE ESTIMATE OF SOVIET
SCIENTIFIC AND TECHNOLOGICAL CAPABILITIES

The following proposal is submitted by CIA for the consideration of the IAC.

"1. The Chairman, Research and Development Board, has requested CIA to furnish a coordinated intelligence estimate of Soviet scientific and technological capabilities. This estimate is required by the RDB by 1 October 1952 and annually thereafter on that date.

"2. The IAC has authorized NIE-65, an estimate which will cover a majority of the intelligence which the RDB requires. However, the contemplated schedule for this estimate will preclude the use of the contributions which pertain to Soviet capability in the subject field in time to meet the RDB request.

"3. Since both the scientific and technological capabilities to be considered in NIE-65 and the estimate requested by RDB involve substantially the same intelligence it is desirable to avoid duplication. If two separate projects are undertaken, duplication of research and estimation will result.

"4. It is, therefore, proposed that,

- a. The IAC authorize the project to provide the RDB with a coordinated estimate as requested.
- b. The applicable portions of the Terms of Reference for NIE-65 be utilized to guide preparation of this estimate; contributions to be submitted by 1 August 1952.
- c. O/SI-CIA be designated as the agency charged with preparation of a draft estimate utilizing the contributions.
- d. Each IAC member designate a representative to serve on an ad hoc committee to review the estimate and submit it to the IAC for approval by 23 September 1952.
- e. We utilize the estimate thus approved in preparation of NIE-65."

JAMES Q. REBER
Secretary

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27 May 1952

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